



Minutes of the 46th Annual Meeting of the  
**MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY**  
 Held on Thursday, March 23, 2017

**MEMBERS PRESENT:**

Allstate Insurance Company  
 Auto Club Insurance Association  
 Auto-Owners Insurance Company  
 Citizens Insurance Company of America  
 Farm Bureau Mutual Insurance Company  
 State Farm Mutual Auto Insurance Company  
 Producer Representatives  
 Public Representative

**REPRESENTED BY:**

L. Williams  
 N. Whitlow, P. Scheske & R. Saranen  
 M. Bockrath  
 D. Warner  
 D. Simon  
 G. Cooper  
 L. Bostic & C. Locker  
 L. Quinn

**OTHERS PRESENT:**

Department of Insurance and Financial Services  
 Michigan Auto Ins. Placement Facility  
 Anselmi & Mierzejewski, P.C.

M. Hilton  
 T. Miller, H. LaJoice, K. Spaude & T. Nacy  
 J. Ruth

The 46th annual meeting of the Michigan Automobile Insurance Placement Facility was called to order, and those present were asked to introduce themselves.

Upon **a motion being made, seconded, and carried**, the reading of the minutes of the 46th annual meeting was waived.

Reports by the **Chairman of the Board of Governors** and the **Executive Director** of the Facility are attached.

The Chairman asked for any additional nominations for the Board's upcoming term. As no additional nominations were made, **a motion was made, seconded, and carried** that the nominations be closed. Ballots were tabulated, and the results of the election for the seven company positions on the Board of Governors for the 2017/2018 term were announced as follows:

Company Name	# of Votes
<b>State Farm Mutual Auto Ins. Co.</b>	30,600,425
<b>Auto Club Insurance Association</b>	15,025,680
<b>Allstate Insurance Company</b>	10,882,451
<b>Auto-Owners Insurance Company</b>	10,239,873
<b>Farm Bureau Mutual Insurance Company</b>	5,922,408
<b>Citizens Insurance Company of America</b>	5,574,190
<b>Amerisure Mutual Insurance Company</b>	3,911,452

There being no additional business to address, the 46th annual meeting of the Michigan Automobile Insurance Placement Facility was adjourned.

Respectfully submitted,

*Tina Nacy*

Director of Operations

# **MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY**

## **CHAIRMAN'S REPORT—ANNUAL MEETING**

**March 23, 2017**

As Board Chairman this past year, it is my privilege to submit this report for the 2017 Annual Meeting on behalf of the Board of Governors, and the staff of the Michigan Automobile Placement Facility (MAIPF).

Based on fiscal year-end reports for 2016, the MAIPF had minor decreases in total private passenger applications received (-.11%) and policies in force (-4.1%), from 2015.

Applications received totaled 12,848 and policies in force ended 2016 at 5,543. Commercial application counts were up 7.2% or 52 applications. Improved data application and attention to current market conditions resulted in commercial auto rates increasing to reflect developing loss frequency and severity in the Commercial Auto market. The Net Combined Ratio decreased from 127.8% to 118.6%, resulting in a Net Loss from Operations of \$10,506,019.

The Michigan Assigned Claims operation, guided by MAIPF leadership, continues to improve and increase efficiency in day to day activities, making sure benefits are paid only to eligible recipients. These improvements are reflected in another relatively small increase (3.9%) in the assessment paid by carriers to fund these benefits. Judicial rulings in 2016 did cause an increase in submitted claims, but is being effectively managed by the staff.

The HEAT Program had another successful year in 2016, the 31<sup>st</sup> year of the program. HEAT awarded \$94,916 in tip rewards and aided in the recovery of 46 vehicles and other stolen property, valued at over \$560,000. The HEAT Program continues to be featured in multiple media outlets.

The Executive Director's report will provide more detail on these and other matters. I would like to express my thanks and appreciation to the members of the Board of Governors and the various committees for their dedicated service and leadership. I would also like to thank the staff of the MAIPF for their commitment and hard work in serving agencies, policyholders, claimants, and the State of Michigan.

Respectfully submitted,

Donald Simon, Chairman — Board of Governors

**MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY**  
**Summary of Operations**  
**(Private Passenger and Commercial Combined)**

	2015	2016	% Change
Applications Received	12,862	12,848	-0.11%
Policies in Force	5,780	5,543	-4.10%
Combined Direct Written Premium	\$ 34,634,832	\$ 42,191,238	21.82%
Combined Direct Earned Premium	\$ 32,274,428	\$ 39,379,852	22.02%
Combined Direct Incurred Losses	\$ 96,251,712	\$ (14,709,526)	-115.28%
Combined Direct Ratio	298.23%	-37.35%	-112.52%
Combined Net Earned Premium	30,340,788	37,976,745	25.17%
Combined Net Incurred Losses	26,402,932	30,046,343	13.80%
Combined Net Ratio	127.78%	118.64%	-7.15%
Private Passenger Direct Incurred Loss Ratio	586.58%	-220.87%	-137.65%
Private Passenger Net Incurred Loss Ratio	108.70%	74.73%	-31.25%
Commercial Direct Incurred Loss Ratio	72.65%	72.00%	-0.89%
Commercial Net Incurred Loss Ratio	71.52%	81.83%	14.42%
Combined Net Result of Operations	\$ (11,585,055)	\$ (10,506,019)	9.31%

**Servicing Carrier Fees**

	<i>Non Claim</i>		<i>Claim</i>	
	Liability	Physical Damage	Liability	Physical Damage
Private Passenger - 2016	14.9%	14.9%	13.9%	10.1%
Private Passenger - 2015	14.7%	14.6%	13.7%	10.0%
Commercial - 2016	15.3%	17.0%	12.8%	10.5%
Commercial - 2015	15.5%	17.3%	12.4%	10.2%

## OPERATIONS REPORT

The volume of private passenger applications in 2016 declined by just under 3%; however, that still equated to over 12,000 total applications. Commercial application volume remained strong, increasing by over 7%. We continue to receive a large percentage of our private passenger applications from producers associated with captive insurers. The increase in commercial application volume can be attributed to a hardening commercial auto market, especially for trucking risks.

In 2016 we worked closely with our commercial servicing carrier and our actuaries to refine our rate development process, resulting in more current data being used to develop rate indications and keeping our pricing closer to market levels so as not to be in competition with voluntary insurers.

The Michigan Assigned Claims Plan (MACP) continued its progress toward goals to increase efficiency and ensure that benefits are paid only to eligible recipients. The MACP assessment for the 2015 billing year (assessed in 2016) was only 3.9% higher than the previous year. This compares very favorably to an average increase for each of the previous ten years of over 12% when the Plan was managed by the Michigan Secretary of State. Detailed reviews of servicing insurer claim files continue, as do meetings to discuss best practices in claims administration. The report on MACP operations was submitted to the Department of Insurance and Financial Services (DIFS) Director as required by statute and is available to member companies upon request.

The HEAT® Program continued its successful efforts in 2016. We awarded \$94,916 in tip rewards, and aided in the recovery of 46 vehicles and other stolen property valued at over \$560,000. Macomb County Executive (and former Macomb County Sheriff) Mark Hackel was the keynote speaker at the 31st Anniversary Breakfast, which focused on a theme of Community Partnerships. The HEAT tip line continued to operate thanks to our partnership with AAA Michigan. Social media was employed to reach out to citizens and to print, radio and television media to encourage them to include our tip line information in auto theft-related stories. HEAT was featured in a number of media outlets, including Detroit television stations WDIV-4, WXYZ-7 and FOX-2, WWJ radio and *The Detroit News/Detroit Free Press*.

I would like to thank the Board of Governors, the committees and the DIFS representatives for their contributions over the past year. I would also like to express my appreciation to the Facility staff for their dedication and commitment. The management team of Karyn Spaude, Tina Nacy, Holli LaJoice and recently retired managers Donna Barnette and Nina Hier deserve recognition for their hard work and dedication as we continue to improve Facility operations.

In conclusion, 2016 was a year with many significant accomplishments that position us well to continue to operate effectively and efficiently.

Respectfully submitted,

*Terri A. Miller*

Terri A. Miller, CPCU  
Executive Director